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C O N F I D E N T I A L SECTION 01 OF 02 PARIS 003426

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TAGS: [PGOV](#) [ECON](#) [FR](#) [PREL](#) [PINR](#)
SUBJECT: CLEARSTREAM SCANDAL: GETTING EVER CLOSER TO
VILLEPIN, BUT DO VOTERS REALLY CARE?

REF: A. PARIS 3178

[1](#)B. PARIS POINTS FROM 5/15-5/19

Classified By: CDA Karl Hofmann for reasons 1.4 (B & D).

[1](#)1. (C) Summary: Still no smoking gun in the "Clearstream" affair aimed at smearing Interior Minister Sarkozy, but the circle of suspicion continues to tighten around Prime Minister de Villepin. A key player and Villepin confidant has now admitted to having furnished the documents that implicated interior minister Sarkozy in the scandal, but he also insists that someone else must have added Sarkozy's name. Although these new revelations may push public opinion to come to its own conclusions about Villepin, it is not clear that they may yet force President Chirac to reconsider keeping Villepin (assuming that Sarkozy does not leave the government first). Indeed, there are increasing signs that a French electorate alienated from a discredited political class simply does not care. Pending some dramatic new revelation or a breakthrough in the judicial proceedings, we therefore judge it no more likely than before that Chirac is preparing to dump his prime minister. End summary.

The Stakes

[1](#)2. (C) Ref A laid out the basic facts of the "Clearstream" scandal that has become a classic French "affaire d'etat," with implications for a variety of leading industrial, political, judicial, and even military figures. Then as now, however, the scandal is less about the original sin of corruption and money-laundering in a 1991 sale of frigates to Taiwan than about the attempt many years later to manipulate the facts for political gain. The stakes are high, very high, given that the scandal touches the French government's three leading figures, President Jacques Chirac, Prime Minister Dominique de Villepin, and Interior Minister Nicolas Sarkozy. It is politically explosive in that Chirac and Villepin are suspected to have been behind the manipulation with the aim of blocking the ascension of Sarkozy as Chirac's successor to the presidency, at a time when Villepin cherished hopes to rise himself and, with Chirac's help, become an alternative to Sarkozy.

Villepin's role growing

[1](#)3. (SBU) Ref A reported the May 12 revelation, contained in the meticulously kept notebooks of the spymaster Villepin asked to investigate the scandal, that Villepin not only instigated the investigation of Sarkozy, but that he insisted on continuing it even after the spymaster had concluded that the Clearstream listings containing his name had been falsified. The notebooks also suggest that Chirac was aware of the ongoing investigation, notwithstanding Villepin's public declaration that Chirac was never involved. The clear implication of these early revelations was that Villepin was only too eager to investigate Sarkozy; what they do not

indicate with clarity was who had put Sarkozy's name there.

14. (SBU) In the latest revelations of May 19, EADS vice-president and Villepin confidant Jean-Louis Gergorin finally admits that he was indeed the source of the anonymous letters that conveyed to an investigating judge a list of individuals purported to hold accounts at Clearstream, including Sarkozy. However, he insists that he was acting in good faith in relaying information given to him by an unidentified "source," was interested in possible industrial corruption rather than political figures, and that "someone else" must have put Sarkozy's name on the list (the computer expert working with Gergorin denies he did so). Although Gergorin does not implicate Villepin directly, he confirms in press interviews that Villepin was eager to pursue Sarkozy, and that he wanted to keep Sarkozy in the dark as long as possible about the ongoing investigation against him.

No proof, but...

15. (SBU) None of the above proves that Villepin was actually behind the smear on Sarkozy. But the circle of suspicion continues inexorably to tighten around him. It appears more or less established at this point that he exceeded his authority as foreign minister in ordering a spymaster to investigate French nationals -- and political figures in particular -- and that he failed to inform Sarkozy of the investigation even after it had exonerated Sarkozy. Moreover, it turns out that the computer expert probably responsible for the computer hacking that produced the list of names was acquainted with both the spymaster investigating Sarkozy as well as Villepin. The link to Chirac remains much less clear, although the spymaster's notes suggest strongly that Chirac was, at a minimum, kept informed of the ongoing investigation.

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Comment

16. (C) There is still a difference between eagerly searching under all possible rocks (in order better to stone your rival) and actively placing something under a rock. And it is not clear that the full truth will be established any time soon. From our perspective, questions about who actually manipulated the data divert attention away from the main question about Villepin's role as overzealous prosecutor or actual perpetrator, as well as the extent to which Chirac knew what was going on. Although stories that Sarkozy knew more than he is letting on suggest he also was not entirely innocent of exploiting the situation for political purposes, these are diversions -- perpetrated by those who themselves have an interest in lumping Sarkozy with Villepin and Chirac so as better to defeat the center-right in the 2007 presidential elections.

17. (C) For the moment, Chirac still supports Villepin, and Sarkozy is determined to remain in the government pending the results of the ongoing judicial investigations. The latest revelations are likely to persuade public opinion that Villepin not only went too far in pursuing Sarkozy, but may himself have instigated the Clearstream falsifications. However, it is not clear that a jaded, alienated public really cares. Students and labor unions took to the streets to protest against the First Employment Contract (CPE) because it would have had a direct impact on their lives. In this instance, they tend to see Clearstream as one more internecine struggle among corrupt politicians of all parties and one more disappointment with Chirac, with little relevance for the issues about which they care most.

18. (C) Chirac will likely hold on to Villepin absent some dramatic new revelation that more directly implicates him.

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